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## The Former Yugoslavia

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ECONOMIC AND military sanctions were key instruments of American foreign policy toward the former Yugoslavia from 1991 through 1998. The purpose of the sanctions varied over time. Before war even came to Yugoslavia in 1991, Congress voted to threaten the country with sanctions in protest of Serbian persecution of ethnic Albanians in the province of Kosovo. In 1991, during the crises of Slovenian and Croatian secession, the United States, in conjunction with its European allies and the United Nations, applied sanctions and an arms embargo in the hope of preventing deadly conflict. When such measures failed and war spread to Bosnia in 1992, the United States labeled Serbia the aggressor and pushed for more intense sanctions as a means of weakening Serbian President Slobodan Milosevic in the hopes of removing him from power. At the same time mediators to the conflict promised to remove sanctions as an incentive to persuade him to terminate the war. In 1994 sanctions were extended to punish the Bosnian Serbs for their unwillingness to make peace. As late as March 1998 American policymakers threatened renewed economic penalties in order to push Milosevic to refrain from using force in Kosovo.

Little scholarly consensus exists concerning the effects or efficacy of the economic and military sanctions applied against the former Yugoslavia. The range of opinion is great. Some analysts suggest that while economic sanctions were ineffective as tools of conflict prevention, they forced Milosevic to negotiate an end to the war and therefore were successful.<sup>1</sup> Other experts argue that not only were the sanctions ineffective but that on almost every conceivable dimension they had unanticipated consequences directly opposite to those intended by the

sanctioners.<sup>2</sup> Different scholars describe the effects of sanctions as weak or devastating; indeed, one can find different evaluations by the same author, sometimes within the space of several pages.<sup>3</sup> Two generalizations seem clear, however. First, one's evaluation of sanctions against the former Yugoslavia varies by publication date—before the Dayton peace accords one finds preponderantly negative assessments; after Dayton, preponderantly positive ones.<sup>4</sup> Second, area experts were much harsher in their evaluation of sanctions than policy generalists—a difference that reflects conflicting evaluations of the causes of the war and what was needed to stop it.

Further complicating analysis is the reality that sanctions were never applied in a coherent, strategic manner in the Balkans. Policymakers framed the decision to apply sanctions in contradictory logics. For some, sanctions were meant to punish Milosevic and to lead to his overthrow. For others, sanctions were a bargaining chip to persuade Milosevic to alter his policies and to support a negotiated settlement to the war in Bosnia. The former rationale was at odds with the latter; whereas the former policy was a punitive one aimed at destroying the leader seen as the war's primary instigator, the latter policy was a redemptive one aimed at persuading him to change his actions. Beyond the obvious contradictions at the core of policy, both rationales overestimated the ability of sanctions to produce desired effects. Sanctions never seriously threatened Milosevic's leadership in Serbia. On the other hand, they were inadequate as a tool to prevent the wars in the Balkans, and their contribution to bringing the war to a negotiated end was overrated. Although the sanctions succeeded in dissuading Milosevic from continuing his support for the Bosnian Serbs, they had little impact on Bosnian Serb willingness to sign a peace agreement. In the end game, sanctions were secondary to dramatic shifts in the battlefield balance of power and North Atlantic Treaty Organization (NATO) air strikes in persuading the Bosnian Serb leadership to end the war.

## Historical Background

The Yugoslav crisis of 1991 resulted from three causes: a decade-long economic depression that differentially affected regions and ethnic groups; political institutions that failed to adapt to economic, societal, and international changes; and nationalist leaders who unscrupulously pursued policies of ethnic extremism for their own power and gain. A peaceful resolution of the crisis would have required heroic leadership from within the country and an attentive, coherent, and consistent approach from outside. Neither was forthcoming. Political leaders in

Serbia, Croatia, and Bosnia manipulated ethnic fears and hatred and fomented ethnic violence in order to consolidate their positions. International actors paid little attention to Yugoslavia and failed to reach consensus about the causes of the conflict, the issues at stake, possible solutions, and appropriate strategies to resolve the conflict.

After the death of Yugoslavian President Josip Broz Tito in 1980, his successors faced three major interrelated problems. First, Yugoslavia's economy required an overhaul; economic liberalization was needed to promote new sources of economic growth. Second, Yugoslavia's federal constitutional structure had to cope with new demands for greater regional autonomy. Third, any attempt to meet such demands had to do so in a way that ethnic nationalism would not become the guiding force in Yugoslav politics. With the exception of the republic of Slovenia, republics and provinces in Yugoslavia were ethnically mixed. Each attempt to appease an ethnic minority on a republican basis meant the likelihood of ethnic minorities within the republics demanding self-determination. Any rewriting of borders or meeting of demands for ethnic self-determination would raise the specter of violent confrontation over issues of membership and citizenship.

The 1980s were a decade of rapid economic decline in Yugoslavia, with different regions bearing the brunt of the crisis. One analyst described the situation or more accurately situations as follows: "Whereas Slovenia enjoyed full employment and Croatia experienced a single-digit unemployment rate, unemployment reached 50 percent in Kosovo, 27 percent in Macedonia, 23 percent in Bosnia-Herzegovina, and over 20 percent in Serbia. Inflation soared, climbing to 50 percent in the early 1980s and then sky-rocketing to 1,200 percent in the late 1980s. Per capita income dropped by almost 50 percent between 1979 and 1988."<sup>5</sup>

To combat Yugoslavia's economic depression, its economy required far-reaching reforms that would liberalize it and better position it to engage in Western markets. But any policy of economic liberalization in the early 1980s would benefit more prosperous regions in Yugoslavia that were better poised to enter Western markets and disadvantage regions where industries were enmeshed in trade with the Socialist bloc and Third World.<sup>6</sup> The unequal consequences of liberalization drove demands in Slovenia and Croatia for radical decentralization and weakened their commitment to Yugoslav federal institutions that were essential for containing pressures for ethnic nationalism and addressing regional economic inequities. At the same time, the International Monetary Fund and World Bank—crucial to the success of liberalization—also undermined federal institutions by insisting on government

reforms that eliminated consensus rules of decision-making, thus further alienating the republics of Slovenia and Croatia.<sup>7</sup>

Economic liberalization and its concomitant generation of demands for greater regional political power threatened the republic of Serbia, because it stood to fall further behind other more successful economic regions. Although a faction within the Serbian Communist party advocated economic modernization and political pluralism, such a program threatened the status of conservative hard-liners in the party. These Serbian conservatives allied themselves with Serbian intellectuals to create a powerful voice for Serbian nationalism. An intellectual movement centered in the Serb Academy of Arts and Sciences expressed alleged slights to the Serb nation, questioned the federal compromises that had kept Yugoslavia intact, and stated that all minorities in Yugoslavia should be subservient to Serbs.

The critical issue for manipulating a Serbian sense of grievance was the situation of Serbs in Kosovo, where they composed only about 10 percent of the population but systematically discriminated against the ethnic Albanian majority. The Serbian Communist party responded violently to Albanian demands for self-determination—a policy that provided a convenient vehicle for Milosevic to consolidate his grip on power and to divert attention from the extreme economic and political conditions facing his constituents. But Milosevic's policy of promoting Serbian nationalism provoked ethnic counteractions by Slovenes and Croats. In Croatia, opposition leader Franjo Tudjman rode a wave of virulent nationalism to power. In important ways Milosevic and Tudjman were necessary for each other; Milosevic's Serbian nationalism provided fertile ground for Tudjman's ethnic national appeals, which in turn reinforced Milosevic's ethnic warnings and diatribes.<sup>8</sup>

The end of the Cold War provided further impetus to calls for greater regional autonomy and self-determination. The first wave of democratic elections in Yugoslavia in 1990 brought to power several antidemocratic leaders. Serbian ethnic nationalism further drove demands for Slovenian and Croatian independence. Ethnic violence against Serbs in Croatia further exacerbated Serbian fears and strengthened Milosevic's power. In 1990 Slovenia and Croatia secretly negotiated weapons deals in Eastern Europe and began organizing paramilitary organizations. The remaining hopes of the federal government declined as economic adjustment measures failed to bring recovery. In June of 1991 Slovenia and Croatia declared their independence, prompting the first two wars of the former Yugoslavia.

The European Community (EC) attempted to take the lead in managing the conflicts and chose mediation as its main tool to end the wars.

The first EC mediator, Lord Peter Carrington, labored under three crippling constraints. First, his political masters, the governments of the EC member states, disagreed about the optimal solution to the conflicts—sovereignty for the republics or a multinational Yugoslavia. Second, Carrington was limited in the carrots he could use to persuade the parties to pursue their goals peacefully. Diplomatic recognition was an obvious incentive at his disposal, but EC member states differed on when and under what conditions they would grant international recognition of Slovenia and Croatia. Moreover, little thought was given to the impact recognition of these republics would have for the other republics in Yugoslavia, especially Bosnia and Macedonia. Third, Carrington was constrained by a lack of coercive threat—no state in Europe was willing to risk its soldiers to intervene in a hot war to enforce peace.<sup>9</sup> Given these constraints, sanctions became the tool of choice for Western policymakers who sought a low-cost, low-risk punitive alternative to military force.

### American Policy and Sanctions in the Balkans: What and When?

For the most part, American application of sanctions in the Yugoslav crisis followed European initiatives. The exception to this generalization was the first American attempt to use economic leverage to produce political change in Yugoslavia, when in 1990 Congress adopted the Nickles amendment (PL 101-513), which promised to suspend direct aid to the Federal Republic of Yugoslavia (FRY) if human rights violations by Serbs against ethnic Albanians in Kosovo did not cease within six months. The sanction came into effect automatically on May 5, 1991, but was rescinded on May 24, when Secretary of State James Baker granted a waiver by certifying that Yugoslavia was complying with its obligations under the Helsinki Accords. Notwithstanding the issuing of the waiver, the State Department voiced concern over serious human rights violations by Serbian authorities against ethnic Albanians in Kosovo and Croats in Croatia, warned that aid would be provided on a selective basis, and suspended Overseas Private Investment Corporation (OPIC) insurance for new foreign investment in Serbia because of human rights violations.<sup>10</sup>

At the time that the Nickles amendment came into effect, the crisis in the former Yugoslavia was at a make-or-break point. Although the issue of human rights in Kosovo was important, it was simply one of several conflicts in Yugoslavia and was secondary to the larger problem of Yugoslavian disintegration. The amendment was counterproductive in two ways. First, as Warren Zimmerman, U.S. ambassador to

Belgrade at the time, observes, "It was aimed at the wrong target. To get at Serbia, it attacked Yugoslavia. Even worse, the only one hurt was Markovic [the Yugoslavian prime minister], the last hope for a peaceful and democratic solution. Milosevic got off scot-free; in fact, he gained, because he could circle his wagons around a brave little Serbia being bullied by the United States."<sup>11</sup> Second, American policy incoherence contributed to international policy incoherence. As Susan Woodward notes, while the United States temporarily imposed sanctions and threatened economic punishment against the Yugoslavian government, its European allies were trying desperately to cobble together an economic incentive plan that would lead to a peaceful outcome of the immediate secession crisis.<sup>12</sup>

With violence escalating between Croats and Serbs in Croatia and armed conflict beginning between the Yugoslavian National Army and militias in Slovenia and Croatia, the Bush administration, by authority of the Arms Export Control Act, followed the European Union (EU) in suspending the sale and transfer of arms to Yugoslavia on July 11, 1991. This act was more symbolic than substantive as the United States supplied insignificant amounts of weaponry to Yugoslavia. On September 25, 1991, the United States supported U.N. Security Council Resolution 713, which widened the EU arms suspension into a mandatory arms embargo on Yugoslavia. Even though the United States blamed the government of Serbia and the federal military as the culprits in the escalation of violence, the arms embargo was put in place against the successor states of Slovenia and Croatia and was continued toward Bosnia-Herzegovina when it declared its independence.

In October 1991 Congress attempted to force the pace of applying sanctions. Senators Claiborne Pell (D-R.I.), Robert Dole (R-Kans.), Larry Pressler (R-S.Dak.), and Alfonse D'Amato (R-N.Y.) introduced legislation that sought to "impose an embargo on the import of products from Serbia until Serbia has ceased its armed conflict with the other republics of Yugoslavia."<sup>13</sup> The Bush administration opposed the legislation, arguing that it removed its flexibility in responding to ongoing negotiations led by Carrington, that American trade with Yugoslavia was insignificant compared to that of the European Union and therefore a unilateral embargo would be diluted in its effectiveness, and finally, that it was extraordinarily difficult to shape a trade embargo that would hurt Serbia and be benign to the other republics.<sup>14</sup> These arguments seem to have won the day, as the bill languished in committee. Nonetheless, two months later, on December 6, 1991, President George Bush by executive order suspended trade preferences and aid and ended a bilateral trade agreement with Yugoslavia.

In January 1992 mediators negotiated a cease-fire between Serbs and Croats in Croatia. To consolidate the cease-fire, U.N. peacekeepers, including large contingents of British and French soldiers, were deployed there. But just as the conflict in Croatia seemed to dampen, war spread to Bosnia. The effect of German and then European recognition of Slovenia and Croatia was to strengthen the desire of Bosnian Muslims for an independent Bosnian state. Such a state was opposed by Bosnian Serbs who feared minority status in a state dominated by Muslims. The result of this intersection of interests was a heavily boycotted referendum for independence that passed in March 1992 and a three-way civil war among Bosnian Muslims, Croats, and Serbs, with the latter two populations aided by their neighboring national states.

The outbreak of war in Bosnia set the stage for the next round of sanctions. In May 1992 the United States persuaded the U.N. Security Council that Serbia was an aggressor in the Bosnian war. In reaction to the failure of Serbia to remove the Yugoslavian National Army from Bosnia, the Bush administration (by presidential order) suspended aviation rights for Yugoslavia's national airline, JAT, on May 20 and blocked all Serbian property or interests in property under U.S. jurisdiction on May 30. These moves followed pressure by Congress, where the Senate Foreign Relations Committee had voted unanimously on May 19 for a bill that would have suspended aviation rights for JAT.

The United States pressed for U.N. Security Council Resolution 757, which was adopted on May 30, 1992, and imposed comprehensive sanctions on Serbia and Montenegro. The sanctions targeted the import of all goods from and export of all goods into Serbia and Montenegro; banned their representation at international sport and cultural events; suspended scientific, technical, and cultural exchanges; and prohibited any financial transactions with the FRY. In order to blunt the effects of sanctions on vulnerable populations within Serbia and on its neighbors, exceptions were allowed for humanitarian flights, the supply of medicines and foods for humanitarian purposes, and transshipments of goods through the FRY.<sup>15</sup>

Sanctions against Serbia were explicitly wedded to the attempt to mediate an end to the war in April 1993. Dismayed at the Bosnian Serbs' unwillingness to accept the Vance-Owen peace plan—a patchwork quilt that blended partition and multiethnic provinces and reflected some Bosnian-Serb military gains—the United States, again in conjunction with the United Nations (Security Council Resolution 820), tightened existing sanctions in April 1993. The effect was to close various loopholes that had watered down the May 1992 sanctions, including strict regulation of transshipments across Serbia and the use of sanctions monitoring units to patrol waterways and borders.

As mediators began to drive a wedge between Milosevic and the Bosnian Serbs, the United Nations looked for ways to punish the latter and reward the former. After the Bosnian Serbs rejected the Contact Group plan of August 1994, Milosevic signaled his willingness to enforce an embargo against Serbian-held territory in Bosnia. On October 25, 1994, the United Nations extended the trade embargo (Security Council Resolution 942) to encompass Bosnian Serb-controlled areas of Bosnia-Herzegovina. After Milosevic allowed U.N. sanctions monitors to deploy along Serbia's border with Bosnia and upon reports that Serbia was upholding the embargo against the Bosnian Serbs, the United Nations eased the sanction provisions against air traffic to and from Serbia and the prohibition against Serbian participation in international sporting and cultural events. Trade sanctions against Yugoslavia were lifted on December 27, 1995, as a reward to Milosevic for signing the Dayton accords in November 1995. Remaining in place as of April 1998 is an "outer wall of sanctions" against Yugoslavia that deprives Serbia and Montenegro from membership in the World Bank and the International Monetary Fund. This "outer wall" remains as a hedge against Serbian reneging on the Dayton accords.

### The Arms Embargo: Rationale and Effect

There was no apparent causal theory among problem, action, and solution in the decision to impose an arms embargo on the former Yugoslavia in September 1991. At that time diplomats explained the adoption of the arms embargo as "an effort to prevent Croatia and other secessionist republics from buying arms from other countries."<sup>16</sup> This was problematic in two ways. First, it was well known at the time that both Slovenia and Croatia already had acquired arms from Eastern Europe. Second, the policy rationale would lead one to think that Croatia was the problem. Secretary of State James Baker, however, blamed Serbia and the Yugoslav army, saying "they had the major responsibility for the violence splitting the state."<sup>17</sup> Baker added: "Clearly, the Yugoslav federal military is not serving as an impartial guarantor of a cease-fire in Croatia. On the contrary, it has actively supported local Serbian forces in violating the cease-fire, causing death to the citizens it is constitutionally supposed to protect."<sup>18</sup>

The only possible theory behind the arms embargo is what Susan Woodward calls the "wildfire" approach to wars—that their ends can be hastened by depriving them of fuel.<sup>19</sup> This approach has many admirers at the United Nations and is applied almost automatically to each and every outbreak of war in the world; for example in Angola in 1993 and Rwanda in 1994. The approach rarely goes beyond a public

display of disapproval of violence; rarely are there any provisions of monitoring or punishment for violators of the embargo. Indeed, in many conflicts, U.N. member states who vote for the embargo turn around and violate it with impunity; Russia was the largest supplier of weapons to Angola during the arms embargo in 1993, and France continued to supply weapons to the Rwandan army in 1994 in violation of a U.N. arms embargo.

In the specific case of Yugoslavia, the arms embargo was largely ineffective, except against the one party deemed to be the victim of international aggression—Bosnia. The arms embargo clearly advantaged the Serbs, for they largely controlled the Yugoslav army and its assets. In addition, Serbia had the capability to produce weapons, thus lessening the need for external arms, and by the time the arms embargo was in place, Croatia already had been able to acquire arms from Eastern European sources. Also, since the arms embargo was not policed by international actors, receiving arms continued to be easy for Croatia. The only party meaningfully affected by the embargo was the Bosnian government, which, eventually was able to overcome this handicap through its tenuous partnership with Croatia, the tacit approval of the United States, and willing suppliers such as Iran, Turkey, and Saudi Arabia.

Once the embargo was put into place, it became hard to dislodge. By the time that international recognition was afforded to Slovenia, Croatia, and Bosnia-Herzegovina, U.N. peacekeepers were deployed between Croats and Serbs in Croatia. The United Nations insisted, with British and French government support, that to lift the embargo so that it only applied to Serbia and Montenegro would discredit the peacekeepers' neutrality and put them at risk. Since France and Britain, unlike the United States, had troops on the ground in the former Yugoslavia, they had a veto on lifting the embargo. And although one cannot find a public statement of such a policy, it was also alleged that America's NATO allies were adamantly opposed to a well-armed Islamic regime in Europe. Thus, even though Serbia was deemed the aggressor in Bosnia, the embargo applied to Bosnia as well as Serbia.

The arms embargo did serve several functions in bringing the war to a close, but these were not foreseen at the time of its imposition. First, the arms embargo increased the Bosnian government's dependence on Croatia. This provided the United States with leverage against the Bosnian government during peace negotiations at Dayton in 1995; if it refused to sign a peace agreement, the Croats could reduce substantially the ability of the Bosnian government to defend itself.<sup>20</sup> Second, the embargo provided the Americans with leverage against the Serbs.

An American threat to lift the embargo unilaterally probably was helpful in maintaining alliance cohesion behind continued imposition of economic sanctions, which, according to David Owen, France and Russia wanted to remove as early as late 1992 or early 1993.<sup>21</sup> If the Europeans had been successful in easing economic sanctions, the Americans would have had a less potent hand to play as mediator in 1995. Third, the desire of the U.S. Congress to lift the embargo unilaterally provided the United States with a more credible threat to lift the embargo, which according to some accounts helped to persuade the European allies to use force in 1995.<sup>22</sup>

These unanticipated benefits have to be weighed against the negative consequences of the embargo. First, the policy was a stain on international morality. By international law, the recognition of Bosnia-Herzegovina as a sovereign state entitled it to pursue self-help measures to assure its survival. As international legal scholar Lori Damrosch argues, the extension of the embargo to Bosnia was not in and of itself immoral, but necessarily implied the international use of force to defend Bosnia—a policy that never materialized.<sup>23</sup> Second, the embargo strained the partnership between the United States and its European allies, especially when the United States encouraged surreptitious arming of the Bosnian government and announced that it would no longer participate in the naval monitoring of the embargo.<sup>24</sup> Third, by keeping up the pretense of the embargo to satisfy its allies, the United States provided Iran with an opening to exploit with the Bosnian government. Fourth, the arms embargo (and European and American prevarication) have left relations between Europe and the Bosnian government extremely chilly.<sup>25</sup>

### Economic Sanctions: Rationale and Effects

The United States perceived Milosevic as the biggest threat to peace in the Balkans. Privately, U.S. government officials asserted that sanctions could hurt the Serbian economy and create a public groundswell in opposition to Milosevic.<sup>26</sup> For the United States, sanctions also had value apart from affecting political opposition in Serbia. In Warren Zimmerman's words, the mere imposition of sanctions against Serbia would "Saddamize" Milosevic: they "could humiliate a dictator, making clear that he wasn't fit to deal with the civilized world."<sup>27</sup> The Americans intended for sanctions to show disgust with Milosevic and provide a means to "help push the Serbian people to turn on their leader."<sup>28</sup>

On the other hand, the European states and the mediators of the war clearly saw sanctions as a lever to prompt Milosevic's cooperation with a negotiated settlement. At the same time that sanctions were applied

who could be persuaded to strong-arm the more extreme radical nationalist Serbs in Bosnia.<sup>29</sup> While the mediators sought flexibility and well-timed removal or sharpening of sanctions as a potential tool in the Balkan bargaining game, U.S. policy demonized Milosevic, thereby creating a powerful practical, strategic, and ideological block against the deftness of the sanctions tool. After all, if Milosevic was a dictator unfit to deal with the civilized world, how could one remove the sanctions without appearing to reward him? This contradiction was not addressed until November 1994, when the United States embraced the strategy of rewarding Milosevic in order to pressure the Bosnian Serbs.<sup>30</sup>

Based on these policy rationales, sanctions failed to achieve their aims with one notable exception—they did prove a valuable bargaining chip to separate Milosevic from the Bosnian Serbs and to help deliver Milosevic to sign the Dayton agreements. They failed to create a mass opposition movement against Milosevic within Serbia. They had the exact opposite effect of making Milosevic a pariah unfit to deal with the civilized world; the strategy of sanctions against Serbia brought Milosevic center stage and made him the fulcrum for a negotiated peace in the Balkans.

Although the imposition of economic sanctions coincided with the collapse of the Serbian economy, it is difficult to assess their contribution to the collapse. Before the imposition of sanctions, Serbia's economy was in terrible condition and in need of drastic surgery. Moreover, the war itself drained the Serbian economy—by the end Serbia itself housed nearly 700,000 refugees—and destroyed normal trading relations between it and the former republics of Yugoslavia, which had accounted for 40 percent of Serbia's prewar trade.<sup>31</sup>

A RAND report written in 1994 also assessed the effects of the sanctions:

By all accounts, the progressive tightening of the economic blockade has shattered the Serb economy. Gross national product and industrial production are a fraction of pre-crisis levels. Unemployment and inflation (perhaps 20,000 percent per month) have reached catastrophic rates. Shortages of basic commodities, including fuel and foodstuffs are now widespread. The civilian transport system has been crippled, with serious consequences for the distribution of critical commodities, including foodstuffs in which Serbia is normally self-sufficient. By technical measures, the economic sanctions are probably working as well as anyone could expect.<sup>32</sup>

Analysts disagree on how tightly the sanctions were applied. David Owen in his memoirs complained about the porousness of the sanctions; his complaints are echoed in a publication by the Carnegie Commission for the Prevention of Deadly Conflict.<sup>33</sup> UN monitors recorded numer-



ous violations between Macedonia and Serbia in 1994, and a story in the *Economist* reported the gleeful statements of Serbia's minister of small business about the ease of sanctions-busting.<sup>34</sup> This was despite the use of NATO's Standing Naval Force Mediterranean and the innovative use of sanctions assistance missions, coordinated through a central communications office in Brussels.<sup>35</sup> These missions each contained two or more professional customs officers on secondment from Organization for Security and Cooperation in Europe (OSCE) countries, who were assigned to supervise river entries and border crossings into Serbia.<sup>36</sup>

Those who argue that the sanctions were inadequately policed miss two points. First, sanctions-busting itself imposes a burden on the target, by raising transaction costs and adding layers of profits for those willing to do the risky and arduous work of evading sanctions. Second, the removal of sanctions became a *sine qua non* for any hope of Serbian economic recovery. By sealing Serbia from access to investment capital and international loans, the sanctions ensured that no economic recovery was possible.

## Removal of Sanctions

The Bosnian case illustrates a basic lesson about sanctions: When they are applied multilaterally, but without clarity about their purpose or underlying causal theory, important differences will appear very quickly about when and under what circumstances to lift them. Such differences pose one of the biggest difficulties in creating a sense of overriding sustained commitment to sanctions.

Trade sanctions had been in place less than six months when the Russians began to float the idea of reducing them as a means of influencing the Yugoslav elections of December 1992. In March 1993 the French advocated their removal as a means of rewarding Milosevic for his support of the Vance-Owen plan. Disagreements between the Americans and Europeans arose before Dayton over the timing of lifting sanctions: whether they should be removed to induce Milosevic to sign or whether they should be lifted only at the successful conclusion of the negotiations.

Throughout 1996, after the removal of most of the sanctions, disagreements occasionally arose over whether sanctions should be reimposed to punish Serbian lack of compliance with Dayton. Although the Americans held out the possible return of sanctions to punish the Serbs, there was nowhere near the early alliance consensus that had existed in 1992 about their value.

The "outer wall" of sanctions still remains against Serbia and Montenegro. A 1996 report of the South Balkans Working Group of the

Council on Foreign Relations Center for Preventive Action recommends that its removal should be clearly linked to "the normalization of relations among the successor states of the former Yugoslavia; full compliance with the Dayton agreement; cooperation with the International War Crimes Tribunal; and implementation of confidence-building and normalizing measures in Kosovo."<sup>37</sup> Although the Clinton administration began to repeal the remaining sanctions in March 1998 to reward Milosevic for supporting a new moderate government in Bosnia, renewed violence in Kosovo prompted it to back away from concessions and press its allies to reimpose trade and financial sanctions. The only European state that supported reimposition was Great Britain; in the end, the United States settled for a U.N. arms embargo on Serbia.

Recent assessments of Serbia's economy continue to paint a grim picture. Estimates put per capita income around \$1,600, down from \$3,000 in 1990; official unemployment is 26 percent, with unofficial estimates at double that. The official trade deficit in 1996 was \$2.2 billion. In the words of one European diplomat, "There's nothing underpinning the economy—no liquidity, no realistic likelihood of foreign investment, no chance of raising taxes. . . . The economy is so close to chaos that at any moment it could spin out of control."<sup>38</sup> And while the economic free fall seemed to galvanize the Serbian opposition in the early winter of 1996–97, by the summer of 1997 Slobodan Milosevic seemed ensconced in power once again.<sup>39</sup>

## Evaluation: Conflict Prevention

Analysts suggest several roles for sanctions in conflict prevention: to signal disapproval of a government's behavior toward other countries or its own citizens; to fulfill an obligatory step toward a tougher policy; to limit a state's freedom of action and motivate the state to stop bad behavior; and to punish or take a toll on the target state.<sup>40</sup>

As a tool of conflict prevention in the former Yugoslavia, the sanctions were obviously weak. The conflict itself already had become violent when the sanctions were imposed. Critics are probably correct that far from being an immediate deterrent to aggression, sanctions sent a signal of weakness to those committed to violent secession and to those committed to the use of force to maintain the Yugoslavian state. Susan Woodward's appraisal is on the mark: "Sanctions were an obvious solution to this dilemma of moral pressure without strategic interest—between the major powers' refusal to become militarily involved and the growing pressure for action from domestic publics outraged by

their countries' apparent indifference to the particular immorality and injustice of the war."<sup>41</sup>

If sanctions are considered by the standards mentioned earlier, it is easy to see why they did little to prevent or dampen the conflict in the Balkans. The Nickles amendment had the potential to signal disapproval toward Serbian aggression in Kosovo, but it directed attention and punishment toward the Yugoslav government, not the Serbian one. Moreover, the amendment came much too late in the day and was too limited in its focus to serve as a useful tool of conflict prevention. Economic sanctions could have been tied to a strategy of conflict prevention, but those who would have applied them first would have had to recognize that there were several culprits in the Balkan drama deserving of international approbation. The war was not made solely by the Serbs; the Croats and Slovenes were also instigators of the war. Sanctions as a tool of prevention would have had to reflect the complexity of the conflict.

Second, while sanctions may be a necessary obligatory step toward a tougher policy—a box to check—they also can be applied without any reasoned connection to a theory of how they will prevent or mitigate conflict, or whether the mitigation of conflict should take precedence over other competing goods, such as justice. This was clearly the case with the arms embargo. Moreover, that case shows that while sanctions may be applied as a necessary step to gather support for tougher measures, policymakers can be held hostage by sanctions that take on a rationale of their own. This is especially the case when sanctions are locked in by U.N. Security Council vote.

The sanctions in 1991–92 also failed to meet the third and fourth goals of prevention: the limitation of a state's freedom of action and the punishment of the target state. Given the high stakes in the Yugoslav secession debate of 1991 and that organized violence already had taken place, thus raising fears and security concerns, and given that it always takes time for sanctions to work, it was unreasonable to believe that they could prevent or mitigate conflict in Yugoslavia.

### Evaluation: Conflict Resolution

Sanctions played a supporting role in the bargaining that ended the war in Bosnia in 1995. Their most important effect on the battlefield calculations of the warring parties was to separate Milosevic from the Bosnian Serbs and to deliver him to sign the Dayton agreement. The sanctions-induced split of the Serbs decreased the war-fighting capacity of the Bosnian Serbs; it also allowed large-scale military counteroffensives by the Croats and Bosnians in summer 1995 to seize large swaths of ter-

ritory without invoking Serbian military intervention on behalf of their Bosnian brethren.

Sanctions *per se* seemed to have little effect on the Bosnian Serb willingness to negotiate an end to the war. According to General Rupert Smith, commander of U.N. troops in Bosnia in 1995, the imposition of sanctions against the Bosnian Serbs and the willingness of Milosevic to enforce them dramatically weakened the Bosnian Serbs.<sup>42</sup> This weakness, however, had the unintended consequence of prompting the Bosnian Serbs to attempt to win the war outright in the summer of 1995 while they still held a decisive advantage in heavy weaponry. Smith therefore believed that the United Nations and NATO would have to use coercion to stop the Bosnian Serb summer offensive and convince them to negotiate. Subsequent events proved Smith correct; not until the Croatian army counteroffensive and subsequent ethnic cleansing of the Croatian Krajina and the protracted NATO air strikes of August and September 1995 did the Bosnian Serbs buckle to Milosevic's insistence on a negotiated settlement. The agreement at Dayton seemed to vindicate the strategy of using sanctions to punish Milosevic and to pressure him into pulling the plug on his former allies in Bosnia.

This evaluation is at odds with that of many experts on Yugoslavia who feel that the sanctions were counterproductive to the termination of the war. Scholars such as Susan Woodward and Steven Burg and journalists such as Misha Glenny ascribe various negative effects of the sanctions for resolving the conflict. According to these analysts, sanctions drove Serbians together by casting communal blame on all Serbians, thereby consolidating Serbian identity and paranoia. Sanctions were said to enable the Serbian state and Milosevic to seize greater economic power, by necessitating their more active role in managing the economy. They also were said to provide Milosevic with a scapegoat for Serbia's economic woes, to create a mafia class that benefited from sanctions, and to undercut the emergence of a democratic opposition and peace movement by cutting off external sources of information.

The negative evaluation of the effect of sanctions on war termination rests on questionable assumptions about Serbian elite calculations, economy, and society in the absence of sanctions. At heart, the negative critique rests on different assumptions about what strategy should have been substituted instead of sanctions.

Some of the criticisms seem niggling and either attribute too much effect to sanctions or confuse their effects with the effects of the war. For example, sanctions may have helped to consolidate a sense of Serbian nationalism and paranoia, but it is hard to imagine that in the absence of sanctions, Serbian nationalism and paranoia would have been reduced sufficiently that an effective peace movement would have quickly con-



strained its leadership. Likewise, to say that sanctions strengthened the Serbian state by giving it more economic decision-making power, by making it take a more assertive role in the economy, and by handing it the power to decide on allocation of scarce resources misses an obvious point. Given the formidable economic problems facing Serbia in the early 1990s, and given the proclivity of countries at war to become more statist in their economic decision-making, it was highly unlikely that private business and civil society would have increased its levers on power in the absence of sanctions. Again, while sanctions likely reduced the ability of Serbians to receive information through external, critical media and thus reinforced extreme Serbian nationalist interpretations of the conflict, the so-what question remains. How likely was outside information to bring forth the latent, unrecognized power of those Serbians who wanted peace? Given what we know about psychological distortions in human cognition—especially the biased assimilation of information—it seems highly unlikely that the presence of alternative information would have been sufficient to sway millions of Serb proto-nationalists.

Most important, the evaluation of sanctions comes down to judgments about Milosevic's decision-making. In the absence of economic isolation and in the face of the devastation of Serbia, would he have been likely to apply overwhelming pressure on the Bosnian Serbs and abandon the Croatian Krajina Serbs in 1995? Or to put it somewhat differently, if the effects of sanctions were so positive for the Serbian authorities, if their effects were so reinforcing of Serbian nationalism, and if their effects created a politically powerful mafia caste enriched by the sanctions, then why did Milosevic sign the Dayton accords?

On the issue of appropriateness of sanctions as a tool of strategy, critics see them as too soft or too harsh. Those who assert the latter argue that in 1991 the CSCE should have enunciated clearly specific norms that would guide their decisions about recognition, equally pressured all who sought to undermine CSCE norms (this would have included the leadership of Slovenia and Croatia), and assisted all those who wanted a peaceful, unified Yugoslavia. This begs the question of whether any amount of external incentives could have altered the strength and initiative of the nationalists and separatists. Those who argue that sanctions were too soft must acknowledge the fundamental calculations made by the states of Europe and the United States—that their national interests were not sufficiently engaged to warrant the risk of bolder military intervention. Finally, both alternatives require a degree of allied unity of analysis and prescription that was nowhere to be found in 1991. The governments of Europe and the United States disagreed about the content and practicality of various settlements to the crisis. The result was mixed messages, policy inco-

## Conclusion

The most straightforward assessment of the sanctions against the former Yugoslavia is the most accurate. Although the sanctions failed miserably to prevent or mitigate the violence in the Balkans, they contributed to the war's termination by raising the costs to Serbian President Slobodan Milosevic of continuing to support the Bosnian Serbs. That such sanctions could not by themselves have delivered a negotiated settlement does not detract from their role in making peace. Sanctions proved a useful tool for bringing Milosevic to distance himself from his Bosnian Serb allies and to deliver them at the Dayton negotiations. The Bosnian case, like that of Zimbabwe in 1979, shows that after sanctions have been in place and taken a toll, the inducement of removing them provides useful leverage to a would-be mediator.<sup>43</sup>

To argue that sanctions contributed to bringing the war to an end does not imply that they were the optimal policy tool for war termination or that they were the normatively best tool. The critics of sanctions are right; there were more effective policy tools at the disposal of the United States and its European allies. But the effectiveness of those tools, whether the use of military force or hard-nosed insistence on established institutional rules of recognition, also required a degree of allied unity and commitment that did not exist. Sanctions then were a convenient tool not only for states concerned with appearing to be doing something for the benefit of domestic constituents appalled at the war but unwilling to risk blood and treasure to stop the killing. They were also convenient for states that felt compelled to act multilaterally but did not possess the unity and conviction to act forcefully.

Alas, American policymakers have not learned these lessons. When violence flared in Kosovo in March 1998, once again raising the specter of war in the region, American diplomacy reflexively turned to sanctions. In response to long-simmering political instability, an increasingly active and lethal armed independence movement in the province, and Serbian search-and-destroy tactics that kill both guerillas and civilians, the United States threatened renewed trade sanctions against Serbia. American diplomats failed, however, to explain how such sanctions would address ethnic Albanian demands for Kosovar independence, the security fears of the small minority Serbian population in the province, or the strategy of armed insurrection by Kosovar guerillas. Although European governments resisted calls for renewed economic sanctions, no coherent strategy or conflict prevention emerged. Instead, the United States urged the reimposition of a U.N. arms embargo against Serbia, despite admissions by diplomats that both the Serbian army and the Kosovar guerillas had ample weapons to engage in civil war. Once again the United States and its allies chose an imprudent

icy with little connection to the violence it sought to prevent. And once again American and European officials could engage in remarkable self-deception and verbal gymnastics and describe their policy as a powerful symbolic deterrent.

### Notes

1. Elizabeth S. Rogers, "Economic Sanctions and Internal Conflicts," in Michael E. Brown (ed.), *The International Dimensions of Internal Conflicts* (Cambridge, MA: MIT Press, 1996), pp. 424-25; and John Stremlau, *Sharpening International Sanctions: Toward a Stronger Role for the United Nations*, A Report to the Carnegie Commission on Preventing Deadly Conflict (New York: Carnegie Corporation of New York, November 1996), pp. 25-30.
2. Susan L. Woodward, *Balkan Tragedy: Chaos and Dissolution After the Cold War* (Washington, DC: Brookings Institution, 1995), pp. 289-94 and 384-88; Misha Glenny, *The Fall of Yugoslavia: The Third Balkan War* (New York: Penguin, 1994), pp. 210-12; Steven L. Burg, "The International Community and the Yugoslav Crisis," in Milton J. Esman and Shibley Telhami (eds.), *International Organizations and Ethnic Conflict* (Ithaca, NY: Cornell University Press, 1995), p. 245; Vojin Dimitrijevic and Vojin-Jelena Pejic, "U.N. Sanctions Against Yugoslavia: Two Years Later," in Dimitris Bourantonis and Jarrod Wiener (eds.), *The United Nations in the New World Order: The World Organization at Fifty* (London: Macmillan, 1995), pp. 124-53.
3. Thus Glenny, pp. 210-211, describes the effects of sanctions as "a waste of time" that strengthened Milosevic's political position, weakened the Serbian opposition, and accrued political capital for Milosevic within Serbia. Yet on p. 227 Glenny asserts that a public statement by the United States and other international actors in November 1992 that sanctions would be removed if Milosevic was defeated in forthcoming elections might have changed the election results in December 1992, thus implying sanctions were having an effect, that they were swaying opinion against Milosevic, and that the promise of removal was a potent weapon against him.
4. Thus Burg writes that "sanctions proved to have little effect"; similarly, Dimitrijevic and Pejic write that "sanctions are a total failure."
5. Ivo Daalder, "Fear and Loathing in the Former Yugoslavia," in Brown, *International Dimensions*, p. 42.
6. Woodward, *Balkan Tragedy*, pp. 58-67.
7. *Ibid.*, pp. 67-74.
8. This dynamic is captured in Laura Silber and Allan Little, *Yugoslavia: Death of a Nation* (New York: Penguin, 1997).
9. James Gow, *Triumph of the Lack of Will: International Diplomacy and the Yugoslav War* (New York: Columbia University Press, 1997), pp. 46-66.
10. "U.S. Policy Toward Yugoslavia, May 24, 1991," U.S. Department of State Bulletin, June 3, 1991, pp. 285-86.

11. Warren Zimmerman, *Origins of a Catastrophe: Yugoslavia and Its Destroyers—America's Last Ambassador Tells What Happened and Why* (New York: Times Books, 1996), p. 131.
12. Susan L. Woodward, "Redrawing Borders in a Period of Systemic Transition," in Esman and Telhami, *International Organizations and Ethnic Conflict*, p. 209.
13. *Sanctions Legislation Relating to the Yugoslav Civil War, S.1793*, Hearing Before the Committee on Foreign Relations, United States Senate, 102nd Congress, First Session, October 16, 1991 (Washington, DC: Government Printing Office, 1992), p. 1.
14. Testimony of Ralph Johnson, Deputy Assistant Secretary of State for European and Canadian Affairs, *ibid.*, pp. 4-17.
15. The text of the resolution is in Fred Tanner (ed), *Effects of International Sanctions* (Malta: Mediterranean Academy of Diplomatic Studies, January 1996), pp. 79-85.
16. "U.N. Bars Weapons Sales to Yugoslavia," *New York Times*, September 26, 1991, p. A3.
17. *Ibid.*
18. *Ibid.*
19. Woodward, *Balkan Tragedy*, p. 290.
20. Anthony Borden and Drago Hedl, "Twenty-One Days at Dayton: A Special Report," *War Report* (March 1996).
21. David Owen, *Balkan Odyssey* (New York: Harcourt Brace, 1995), pp. 57 and 125.
22. See especially Bob Woodward, *The Choice* (New York: Simon and Schuster, 1996), pp. 264-270.
23. Lori Fisler Damrosch, "The Collective Enforcement of International Norms Through Economic Sanctions," *Ethics and International Affairs* 8 (1994), p. 69.
24. Daniel Williams, "Bosnia Embargo Decision Puts U.S. Loyalty in Doubt," *Washington Post*, November 12, 1994, p. A21.
25. See, for example, the reporting of Timothy Garten Ash, "Bosnia in Our Future," *New York Review of Books*, December 21, 1995, pp. 27-31.
26. Blaine Harden, "Milosevic Viewed as U.N.'s Target," *Washington Post*, May 31, 1992, p. 1.
27. Zimmerman, *Origins*, pp. 213-14.
28. *Ibid.*
29. Owen, *Balkan Odyssey*, pp. 124-25.
30. Contrast, for example, statements by Clinton officials on November 26 that castigate European allies for their desire to lift sanctions against Milosevic with statements on November 28 that embrace rewarding Milosevic in order to end the war.

- with Europe over Sanctions on Serbia," *Washington Post*, November 27, 1994, p. A22; for the latter, see Daniel Williams and Ruth Marcus, "U.S. Favors Making Concessions to Serbs," *Washington Post*, November 29, 1994, p. 1.
31. Both figures are in Julia Devin, Jaleh Dashti-Gibson, and George A. Lopez, "Sanctions in the Former Yugoslavia: Convolved Goals and Complicated Consequences," in Thomas G. Weiss, David Cortright, George A. Lopez, and Larry Minear (eds), *Political Gain and Civilian Pain: Humanitarian Impacts of Economic Sanctions* (New York: Rowman and Littlefield, 1997). This article provides a thorough analysis of the deleterious effects of the sanctions on the Serbian population.
  32. RAND Corporation, "American Policy Toward the Balkan Crisis: Economic Instruments and Options," mimeo., pp. 51–52. This is one of the best analyses of the effects of the sanctions and implications for American policy at the time.
  33. Owen, *Balkan Odyssey*, p. 363, and Stremlau, *Sharpening International Sanctions*, pp. 29–30.
  34. "Beating the Sanctions on Serbia," *The Economist*, July 2, 1994, p. 49.
  35. For a description of NATO's role in sanctions enforcement, see Gow, *Triumph*, pp. 129–31.
  36. Stremlau, *Sharpening International Sanctions*, p. 29; M. A. Napolitano, "Sanctions as a Preventive Diplomacy Instrument," in Fred Tanner (ed.), *Effects of International Sanctions*, pp. 23–28. Ambassador Napolitano was the EU/OSCE Sanctions Coordinator.
  37. Barnett R. Rubin (ed.), *Toward Comprehensive Peace in Southeast Europe: Conflict Prevention in the South Balkans* (New York: Twentieth Century Fund Press, 1996), p. 13.
  38. Jonathan C. Randal, "Weak Economy Restrains Milosevic," *Washington Post*, January 19, 1997, p. A37.
  39. Tracy Wilkinson, "After Triumph in Streets, Serb Opposition Crumbles," *Los Angeles Times*, June 10, 1997, p. A1.
  40. Stremlau, *Sharpening International Sanctions*, p. vi.
  41. Woodward, *Balkan Tragedy*, p. 290.
  42. Smith's views on the course of the war, the effects of sanctions against the Bosnian Serbs, and the implications for their strategy are described in Jan Willem Honig and Norbert Both, *Srebrenica: Record of a War Crime* (New York: Penguin, 1997), pp. 144–45, and David Rohde, *Endgame: The Betrayal and Fall of Srebrenica, Europe's Worst Massacre Since World War II* (New York: Harper/Collins, 1997), pp. 339–40, pp. 419–20.
  43. See, for example, Stephen John Stedman, *Peacemaking in Civil War: International Mediation in Zimbabwe, 1974–1980* (Boulder, CO: Lynne Rienner 1991), pp. 165–204.

## Conclusion: Lessons and Recommendations

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THIS FINAL chapter is divided into two parts. The first is analytical and addresses what is to be learned from the eight cases discussed in this volume and, more generally, from the use of economic sanctions as an instrument of American foreign policy in the post–Cold War era. Ten basic lessons are posited. The latter section sets forth 12 guidelines meant to inform future decisions to employ sanctions and goes on to suggest what the U.S. government, including both the executive branch and Congress, needs to do to translate these principles into effective policy.

### Lessons

1. *Sanctions alone are unlikely to achieve desired results if the aims are large or time is short.* This lesson tends to all but rule out the use of sanctions to reshape the basic nature of another society or to alter policy in critical areas of another country's or entity's national security. The same realities preclude using sanctions to resolve crises or any "time-sensitive" situation. For these reasons, sanctions also are unlikely to be of much utility in moderating civil wars, which, by their nature, tend to be all-or-nothing struggles that develop quickly and are resistant to (if not impervious to) external influences.<sup>1</sup>

Evidence supporting these assertions is plentiful. Sanctions—even when they were comprehensive and enjoyed almost universal international backing for nearly six months—failed to get Saddam Hussein to withdraw from Kuwait. In the end, doing so took nothing less than Operation Desert Storm. Other sanctions also have fallen short of their stated goals. The Iranian regime remained defiant in its support of terrorism, its subversion of its neighbors, its opposition to the Middle East